

Subject: FW: State Credit

Date: Monday, June 22, 2015 at 11:42:54 AM Central Daylight Time

From: Carolyn Thompson

From: Julie Ezell
Sent: Monday, June 22, 2015 8:52 AM
To: Joy L. Hofmeister; Lance Nelson
Subject: State Credit

Good Morning,

As you probably know, Tom Spencer is out of the office for the next two weeks. He's asked me to assist your office with the state credit issue. I am in the office today, and will be available via phone and email the rest of the week as I'll be at a conference.

We have looked at the statute on the "state credit" provided to most educators in Oklahoma at 70 O.S. §17-108.2. The clear intent of the statute is for the State to fund an ever increasing portion of the employee contributions of educators based on their years of experience. The statute sets out an annual amount of the credit. It is also clear that the full amount of the credit is paid even if the educator doesn't end up working a full year.

It is my understanding that the Legislature has traditionally appropriated a specific sum to the State Department of Education (SDE) to be used only for this purpose. It is further my understanding that it has been the practice when the Legislature does so, that the Department simply sends those appropriated dollars to OTRS in 12 equal monthly installments. Since these funds can only be used for this purpose, there apparently has been no effort or reason to send funds precisely equaling the actual credit being earned.

The Legislature apparently did not make a line-item appropriation to the SDE this year. Based on a recent A.G.'s opinion (2010 OK AG 14) the obligation to pay OTRS funds to cover the credit remains. But in cases where the Legislature hasn't specified an amount in a line item, the SDE must fund the credits more precisely.

Neither OTRS nor the SDE knows precisely what that sum will be for the upcoming fiscal year. We can only try to guess what that amount may be. OTRS is not in possession of data to determine the size of the credit for a particular educator since it is based on years of teaching service. That doesn't necessarily coincide with "credited service" for retirement purposes.

After looking at our past receipts, the actual credit due from the SDE (excluding Career Tech) for the next year could run between \$30 million to \$32 million. The SDE may have access to better data to forecast a better number. OTRS would be happy to work with the SDE to come up with a more reliable number. Please let me know how we can assist you.

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